

**ST. TAMMANY PARISH  
FIRE PROTECTION DISTRICT NO. 5**

*Audit of Financial Statements*

December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 18 2012

## Contents

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<b>Independent Auditor's Report</b>	<b>1 - 2</b>
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### **Basic Financial Statements**

Government-Wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements	
Governmental Fund	
Balance Sheet	7
Statement of Revenues, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	9
Notes to Financial Statements	10 - 18

---

### **Required Supplemental Information**

Budgetary Comparison Schedule (Budgetary Basis) - General Fund	20
Note to Budgetary Comparison Schedule	21

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<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>22 - 23</b>
--	----------------

---

<b>Schedule of Findings and Responses</b>	<b>24</b>
---	-----------

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<b>Summary Schedule of Prior Year Findings</b>	<b>25</b>
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## **Independent Auditor's Report**

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 5  
Folsom, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 5 (the District), a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omission.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 19 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

April 25, 2012

**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Statement of Net Assets**  
**December 31, 2011**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 220,368
Receivables - Ad Valorem Taxes, Net	652,848
Receivables - State Revenue Sharing	19,394
Capital Assets, Net of Accumulated Depreciation	<u>1,026,834</u>
<b>Total Assets</b>	<u>1,919,444</u>
<b>Liabilities</b>	
Accounts Payable	2,929
Accrued Expenses	18,720
Accrued Interest	11,749
Compensated Absences	17,179
Capital Lease Payable	
Due Within One Year	20,800
Due in More Than One Year	<u>250,479</u>
<b>Total Liabilities</b>	<u>321,856</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	755,555
Unrestricted	<u>842,033</u>
<b>Total Net Assets</b>	<u><u>\$ 1,597,588</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Statement of Activities**  
**For the Year Ended December 31, 2011.**

Function/Program	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Assets
		Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>				
Public Safety - Fire Protection	\$ 681,668	\$ -	\$ -	\$ (681,668)
Interest on Long-Term Debt	(7,674)	-	-	7,674
<b>Total</b>	<b>\$ 673,994</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(673,994)</b>
<b>General Revenues</b>				
Ad Valorem Taxes				552,877
Intergovernmental Revenues				
Fire Insurance Premium Tax				25,286
State Revenue Sharing				29,091
Supplemental Pay				19,500
Miscellaneous				5,028
<b>Special Item</b>				
Loss on Disposal of Capital Assets				(1,417)
<b>Total General Revenues</b>				<b>630,365</b>
<b>Change in Net Assets</b>				<b>(43,629)</b>
<b>Net Assets, Beginning of Year</b>				<b>1,641,217</b>
<b>Net Assets, End of Year</b>				<b>\$ 1,597,588</b>

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Balance Sheet**  
**Governmental Fund**  
**December 31, 2011**

	<b>General Fund</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 220,368
Receivables - Ad Valorem Taxes, Net	652,848
Receivables - State Revenue Sharing	<u>19,394</u>
<b>Total Assets</b>	<u><u>\$ 892,610</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ 2,929
Accrued Expenses	<u>18,720</u>
<b>Total Liabilities</b>	<u>21,649</u>
<b>Fund Balance</b>	
Unassigned	<u>870,961</u>
<b>Total Fund Balance</b>	<u>870,961</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 892,610</u></u>
<b>Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets</b>	
Total Fund Balance	\$ 870,961
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,026,834
Long-term liabilities, including certificates of indebtedness, capital leases, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued Interest on Capital Lease	(11,749)
Accrued Compensated Absences Payable	(17,179)
Capital Lease	<u>(271,279)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 1,597,588</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended December 31, 2011**

	<b>General Fund</b>
<b>Revenues</b>	
Ad Valorem Taxes	\$ 552,877
Intergovernmental Revenues	
State Revenue Sharing	29,091
Fire Insurance Premium Tax	25,286
Supplemental Pay	19,500
Miscellaneous Income	<u>5,028</u>
<b>Total Revenues</b>	<u>631,782</u>
<b>Expenditures</b>	
Public Safety - Fire Protection	
Salaries and Benefits	350,823
Operations and Repairs	61,585
Insurance	31,232
Dispatcher Fees	23,572
Utilities	16,847
Other	13,619
Equipment and Supplies	13,455
Professional Fees	11,891
Office Supplies	3,461
Training	1,692
Capital Outlay	41,122
Debt Service - Principal	41,051
Debt Service - Interest	<u>30,753</u>
<b>Total Expenditures</b>	<u>641,103</u>
<b>Net Change in Fund Balance</b>	(9,321)
<b>Fund Balance, Beginning of Year</b>	<u>880,282</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 870,961</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balance of the Governmental Fund to the Statement of Activities**  
**For the Year Ended December 31, 2011**

<b>Net Changes in Fund Balance</b>	<b>\$</b>	<b>(9,321)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(64,437)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets.	(1,417)
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The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	41,051
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Accrued Interest	7,674
Change in Compensated Absences Payable	(17,179)

<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (43,629)</b>
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The accompanying notes are an integral part of these financial statements.

## **ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies**

##### **Reporting Entity**

The St. Tammany Parish Fire Protection District No. 5 (the District) was created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Government), as provided by Louisiana Revised Statute 40:1492. The District was created to acquire, maintain and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the District limits. The administration of the District is governed by a Board of Commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the governing body of the Town of Folsom. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations and provides fire protection and emergency medical services to an area covering approximately 90 square miles. Fire protection services are provided by volunteers and approximately two full-time paid firefighters, and one full-time fire chief.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the St. Tammany Parish Government, which appoints two of the District board members and has the ability to impose its will on the board. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

##### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District's only fund, the General Fund, is classified as a governmental-type activity.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Fund Financial Statements***

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The General Fund of the District is classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market.

##### Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectibles was \$56,769, which represents 8% of the total ad valorem tax receivable at December 31, 2011. This estimate is based on the District's history of collections within this revenue stream.

##### Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets.

In the fund financial statements, capital assets used in the governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40 Years
Fire Trucks	15 Years
Firefighting Equipment	5 - 10 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Total depreciation expense for the year ended December 31, 2011, was \$105,559.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Compensated Absences**

The District's full-time employees shall be entitled to and given, with full pay, sick leave aggregating no less than fifty-two (52) weeks during a calendar year for any sickness or injury or incapacity not brought about by his own negligence or culpable indiscretion. Also, after having served one (1) year, full-time employees shall be entitled to an annual vacation of eighteen (18) calendar days with full pay. This vacation period shall be increased one day for each year of service over ten (10) years, up to a maximum vacation period of thirty (30) days, all of which shall be with full pay. Unused accumulated sick and vacation leave are paid only upon approval of the Board of Commissioners. At December 31, 2011, the District had compensated absences of \$17,179, which is reported as a liability on the Statement of Net Assets.

##### **Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when paid.

##### **Equity Classifications**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. *Invested in capital assets, net of related debt* - consist of capital assets including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. *Restricted net assets* - consist of net assets with constraints placed on their use either by external groups or law.
- c. *Unrestricted net assets* - consist of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

During fiscal year ended December 31, 2011, the District adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds.

In the governmental fund financial statements, fund balances are classified as follows:

1. **Unassigned Fund Balance** - all amounts not included in other spendable classifications.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Budget Policies

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

#### Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2011:

Interest Bearing Demand Deposits	\$ 197,625
Non-Interest Bearing Demand Deposits	<u>22,743</u>
<b>Total Assets</b>	<b><u>\$ 220,368</u></b>

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2011, the District has \$231,452 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5****Notes to Financial Statements****Note 3. Levied Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1<sup>st</sup> of each year. Taxes are levied by the District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31<sup>st</sup> of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when levied, to the extent that they are determined to be currently collectible. The St. Tammany Parish Sheriff bills and collects the property taxes using the assessed value determined by the Tax Assessor of St. Tammany Parish.

**Note 4. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2011, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Asset, Not Being Depreciated</b>				
Land	\$ 40,577	\$ -	\$ -	\$ 40,577
<b>Capital Assets, Being Depreciated</b>				
Buildings	648,033	7,500	-	655,533
Fire Trucks	1,079,519	-	(50,690)	1,028,829
Firefighting Equipment	337,186	27,827	(6,676)	358,337
Vehicles	51,985	-	-	51,985
Furniture and Fixtures	7,975	5,795	-	13,770
<b>Total Capital Assets, Being Depreciated</b>	<b>2,124,698</b>	<b>41,122</b>	<b>(57,366)</b>	<b>2,108,454</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(203,700)	(16,701)	-	(220,401)
Fire Trucks	(616,206)	(55,908)	50,690	(621,424)
Firefighting Equipment	(206,025)	(25,083)	5,259	(225,849)
Vehicles	(42,944)	(5,717)	-	(48,661)
Furniture and Fixtures	(3,712)	(2,150)	-	(5,862)
<b>Total Accumulated Depreciation</b>	<b>(1,072,587)</b>	<b>(105,559)</b>	<b>55,949</b>	<b>(1,122,197)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>1,052,111</b>	<b>(64,437)</b>	<b>(1,417)</b>	<b>986,257</b>
<b>Total Capital Assets, Net</b>	<b>\$1,092,688</b>	<b>\$ (64,437)</b>	<b>\$ (1,417)</b>	<b>\$1,026,834</b>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

### Notes to Financial Statements

#### Note 5. Capital Leases

The government has entered into a lease agreement as lessee for financing the acquisition of fire protection equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, are as follows:

Year Ending December 31,	Amount
2012	\$ 36,466
2013	36,466
2014	36,466
2015	36,466
2016	36,466
2017-2021	<u>182,324</u>
Total Minimum Lease Payments	364,654
Less: Amount Representing Interest	<u>(93,375)</u>
Present Value of Minimum Lease Payments	<u>\$ 271,279</u>

The book value of leased equipment was \$269,120, at December 31, 2011.

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2011:

	Capital Lease
General Obligation	
Payable at January 1, 2011	\$ 312,330
Additions	-
Retired	<u>(41,051)</u>
Payable at December 31, 2011	<u>\$ 271,279</u>
Due Within One Year	<u>\$ 20,800</u>

#### Note 6. Retirement System

All full-time employees are members of the Firefighters' Retirement System. The Firefighters' Retirement System Pension Plan (the Plan) is a cost sharing, multiple-employer, non-qualified defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:2251 - 2269, effective January 1, 1990. The Plan is not a qualified plan as defined by the Internal Revenue Code, nor is it subject to the Employee Retirement Income Security Act of 1984.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

### Notes to Financial Statements

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#### Note 6. Retirement System (Continued)

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect an unreduced benefit or any of four options at retirement.

Plan members are required by statute to contribute 10% of their covered compensation, and the District is required to contribute at an actuarially determined rate. The rate at December 31, 2011, was 23.25%. The District's contributions to the Plan were \$18,444, \$13,697 and \$6,481, for the years ended December 31, 2011, 2010 and 2009, respectively.

The Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Firefighters' Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060, or online at [www.lafirefightersret.com](http://www.lafirefightersret.com).

#### Note 7. Compensation Paid to Commission Members

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2011, was as follows:

Donald Hames	\$	1,200
Eddie Cousin		1,000
William Mehaffey		900
Alvin Roussel		1,100
Deborah Myer		1,000
		<hr/>
Total	\$	<u>5,200</u>

## **ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**

### **Notes to Financial Statements**

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#### **Note 8. Litigation and Claims / Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

#### **Note 9. On Behalf Payments by State of Louisiana**

For the year ended December 31, 2011, the State of Louisiana made on behalf payments in the form of supplemental pay to three of the District's firemen. In accordance with GASB 24, the District has recorded \$19,500 of on behalf payments as revenue and as expense.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Budgetary Comparison Schedule (Budgetary Basis)**  
**General Fund**  
**For the Year Ended December 31, 2011**

	<b>Budgetary Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>(Budgetary</b>	<b>Favorable</b>
			<b>Basis)</b>	<b>(Unfavorable)</b>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 764,551	\$ 641,617	\$ 641,617	\$ -
Intergovernmental Revenues				
Fire Insurance Premium Tax	20,817	25,286	25,286	-
State Revenue Sharing	29,000	39,034	39,034	-
Supplemental Pay	19,500	19,500	19,500	-
Miscellaneous Income	3,000	5,028	5,028	-
<b>Total Revenues</b>	<b>836,868</b>	<b>730,465</b>	<b>730,465</b>	<b>-</b>
<b>Expenditures</b>				
Public Safety - Fire Protection				
Salaries and Benefits	393,534	348,553	348,553	-
Operations and Repairs	98,000	77,377	77,377	-
Equipment and Supplies	66,000	40,930	40,930	-
Insurance	40,443	40,581	40,581	-
Dispatcher Fees	34,000	25,210	25,210	-
Utilities	24,000	17,439	17,439	-
Other	33,500	15,191	15,191	-
Professional Fees	25,000	12,506	12,506	-
Office Supplies	9,500	3,461	3,461	-
Training	6,000	1,692	1,692	-
Debt Service - Principal	41,051	41,051	41,051	-
Debt Service - Interest	30,763	30,753	30,753	-
<b>Total Expenditures</b>	<b>801,791</b>	<b>654,744</b>	<b>654,744</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 35,077</b>	<b>\$ 75,721</b>	<b>75,721</b>	<b>\$ -</b>
<b>Fund Balance, Beginning of Year</b>			<b>141,660</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 217,381</b>	

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5****Note to Budgetary Comparison Schedule  
For the Year Ended December 31, 2011****Note A. Reconciliation of Budgetary Basis to GAAP Basis**

The District maintains its accounting records and prepares and adopts its budget under the cash basis of accounting. Governmental Accounting Standards require the Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund to be reported using the modified accrual basis of accounting. The budgetary comparison schedules are presented using the cash basis, which is the same as the legally adopted budget. A reconciliation to the GAAP basis has been provided below:

	<b>Actual Amounts Budgetary Basis</b>	<b>Budget to GAAP Differences Over (Under)</b>	<b>Actual Amounts GAAP Basis</b>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 641,617	\$ (88,740)	\$ 552,877
Intergovernmental Revenues			
Fire Insurance Premium Tax	25,286	-	25,286
State Revenue Sharing	39,034	(9,943)	29,091
Supplemental Pay	19,500	-	19,500
Miscellaneous Income	5,028	-	5,028
<b>Total Revenues</b>	<b>730,465</b>	<b>(98,683)</b>	<b>631,782</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries and Benefits	348,553	2,270	350,823
Operations and Repairs	77,377	(15,792)	61,585
Insurance	40,930	(9,698)	31,232
Dispatcher Fees	40,581	(17,009)	23,572
Utilities	25,210	(8,363)	16,847
Other	17,439	(3,820)	13,619
Equipment and Supplies	15,191	(1,736)	13,455
Professional Fees	12,506	(615)	11,891
Office Supplies	3,461	-	3,461
Training	1,692	-	1,692
Capital Outlay	-	41,122	41,122
Debt Service - Principal	41,051	-	41,051
Debt Service - Interest	30,753	-	30,753
<b>Total Expenditures</b>	<b>654,744</b>	<b>(13,641)</b>	<b>641,103</b>
<b>Net Change in Fund Balance</b>	<b>75,721</b>	<b>(85,042)</b>	<b>(9,321)</b>
<b>Fund Balance, Beginning of Year</b>	<b>141,660</b>	<b>738,622</b>	<b>880,282</b>
<b>Fund Balance, End of Year</b>	<b>\$ 217,381</b>	<b>\$ 653,580</b>	<b>\$ 870,961</b>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 5  
Folsom, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of St. Tammany Parish Fire Protection District No. 5 (the District), as of and for the year ended December 31, 2011, and have issued our report thereon dated April 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2011 - 1 to be a material weakness.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The St. Tammany Parish Fire Protection District No. 5's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing board and management of the St. Tammany Parish Fire Protection District No. 5, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

April 25, 2012

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**

**Schedule of Findings and Responses  
For the Year Ended December 31, 2011**

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**2011 - 1 Financial Statement Preparation**

**Criteria:** Management's preparation of the annual financial statements.

**Condition:** As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the District's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been fully implemented. Under generally accepted auditing standards (GAAS), this condition represents a material weakness in internal control over financial reporting. GAAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**Cause:** The District's lack of financial complexity.

**Effect:** Numerous year-end adjusting journal entries.

**Recommendation:** The District has determined that the most cost effective and prudent use of the District's funds is to engage the auditor to prepare the District's annual financial report. As such, we feel no action by the District is necessary at this time.

**Management's Response:** No action will be taken by management at this time.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**

**Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2011**

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**2010 - 1 Financial Statement Preparation**

*Status:* This condition has not been resolved. See finding 2011 - 1.